



**Summary**

**Monthly Change (Trend):**

Queensland	↑	0.4%
Rest of Australia	↑	0.6%

- Nominal retail turnover (trend) rose 0.4% in Queensland in May, below that of a 0.6 % rise in the rest of Australia.
- In seasonally-adjusted (sa) terms, retail turnover nationally fell by 0.3% in May, well below the market expectation of a 0.2% rise. In sa terms, retail turnover in Queensland remained unchanged, following a rise of 0.6% in the previous month.

**Analysis**

Queensland's trend monthly retail trade growth was 0.4% in May 2006, equal to the 0.4% growth recorded in the previous month (see Chart 1). Trend monthly retail trade growth in the rest of Australia (0.6%) remained above that of Queensland in May 2006.

In annual terms, trend retail turnover grew 6.7% in Queensland in May 2006, with Western Australia being the only mainland state to record a higher annual growth rate. In comparison, the rest of Australia recorded trend annual growth of 5.3% in May. May 2006 was the tenth consecutive month in which Queensland outperformed the rest of Australia in terms of trend annual growth in retail turnover.

With respect to industry groups in Queensland, food retailing and, to a lesser extent, other retailing were the main contributors to retail growth for the third consecutive month. (see Chart 2).

Favourable conditions for consumers have supported retail trade in recent months, including strong population growth and positive labour market conditions, with the trend unemployment rate declining 0.1 percentage point to 4.9% in May. Relatively strong annual growth in average weekly earnings for full-time adults has supported incomes, while strong stock market gains (despite some recent corrections) and stable house prices early in 2006 have supported household wealth.

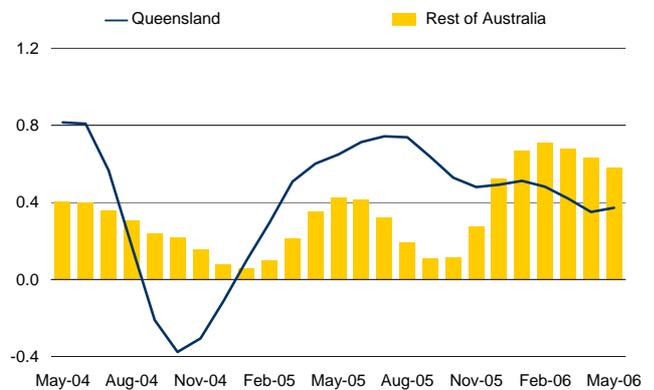
Looking forward, solid wages growth, relatively stable retail prices, and a low unemployment rate, along with tax cuts announced in the 2006-07 Commonwealth Budget, should support retail turnover in the coming months. Key risks to retail turnover going forward include ongoing high petrol prices and continued anticipation of higher interest rate and their impact on consumer sentiment and discretionary incomes.

**Table 1. Nominal retail turnover, May 2006**

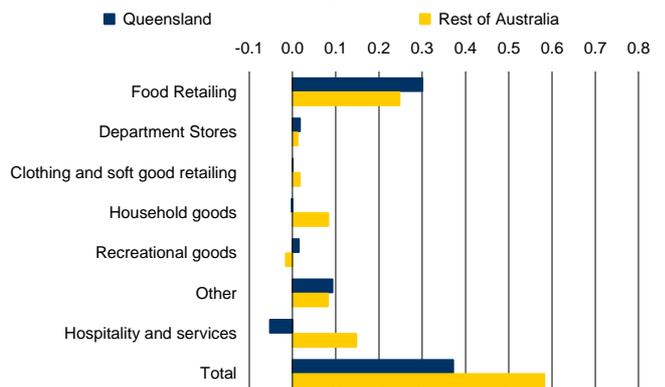
States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.4	0.0	6.7	7.0
New South Wales	0.3	-0.5	4.1	3.7
Victoria	0.8	-0.9	5.3	4.1
South Australia	0.5	0.0	4.6	5.0
Western Australia	0.9	0.9	8.7	8.7
Tasmania	-0.1	0.6	6.8	6.6
<b>Rest of Australia</b>	<b>0.6</b>	<b>-0.3</b>	<b>5.3</b>	<b>4.7</b>

\* Seasonally Adjusted

**Chart 1. Nominal retail turnover**  
(Monthly % change, trend)



**Chart 2. Nominal retail turnover by industry group**  
(% point contribution to growth, trend, May 2006)



**Chart 3. Nominal retail turnover by State**  
(Annual % change, trend, May 2006)

